

• **INOVEST.**

ANNUAL REPORT

2024

Inovest B.S.C

Commercial registration number
48848 obtained on 18 June 2002

Registered office

Bahrain Financial Harbor, East Tower, 35th Floor
P. O. Box. 18334
Manama, Kingdom of Bahrain
Tel: +973 17 155 777
Fax: +973 17 155 888
web:www.inovest.bh

Bankers

Bahrain Islamic Bank B.S.C.
Itthmaar Bank B.S.C.
Kuwait Finance House (Bahrain) B.S.C. (c)
Kuwait Finance House (Kuwait) K.S.C.P.
Boubyan Bank (Kuwait)
Khaleeji Commercial Bank B.S.C.
Al Baraka Islamic Bank B.S.C. (c)
Al Salam Bank, Bahrain B.S.C.

Auditors

Ernst & Young (EY)
P.O. Box 140
10th Floor, East Tower
Bahrain World Trade Center
Manama, Kingdom of Bahrain

Share Registrars

Bahrain Clear
Harbour Gate (4th Floor)
P.O. Box: 3203
Manama
Kingdom of Bahrain

Kuwait Clearing Company S.A.K.
P.O. Box 22077
Safat 13081
State of Kuwait



His Majesty
King Hamed bin Isa Al Khalifa
The King of the Kingdom of
Bahrain



His Royal Highness,
Prince Salman bin Hamed Al Khalifa
The Crown Prince and Deputy
Supreme Commander of the Kingdom
of Bahrain

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BOARD OF DIRECTORS



**Yaqoub Yousef
Bander**
Chairman



**Hazem Abdalla
Elbakry**
Vice Chairman



**Dr. Yousuf Abdullah
Al Mulla**
Board Member



**Dr. Abdulaziz
Fahad Al Dakheel**
Board Member



**Mohamed Al
Matook**
Board Member



**Abdullah
Alabduljader**
Board Member



**Ahmad Mohammad
Al-Bassam**
Board Member

SHARIAH SUPERVISORY COMMITTEE



**Dr. Hamad Yusuf
AlMazrouie**
Chairman



**Dr. Abdulrahman
Mohamad Al-Baloul**
Vice Chairman



**Dr. Mohamad
Abdulrahman
AlShurafa**
Member



BOARD OF DIRECTORS' REPORT

Yaqoub Yousef Bander
Board Chairman

In the name of God, the Most Gracious, the Most Merciful

On behalf of the Board of Directors of Inovent, it is my pleasure to present to you the group's annual report for the financial year ending on 31 December 2024.

Group Performance

The year 2024 did not witness any extraordinary economic disruptions comparable to the global financial crisis of 2008 or the COVID-19 pandemic of 2020 and its aftermath. However, the global economy experienced notable fluctuations throughout the year. Elevated interest rates at the start of 2024 curbed credit demand, but as inflationary concerns began to subside, major central banks responded by gradually easing monetary restrictions. Yet, following the U.S. election, renewed inflationary pressures emerged, slowing the pace of interest rate cuts.

Global oil prices have remained stable, driven by moderate demand in key markets, including the GCC, despite OPEC's agreements to cut global supply amid ongoing geopolitical tensions. This stability has supported the growth momentum of these economies. Meanwhile, global GDP growth has been slightly impacted, declining to approximately 3.2% from 3.3% in 2023.

Despite robust GDP growth in the GCC, largely driven by strong performance in non-oil sectors, many industries and markets in the region faced significant downturns. This was particularly evident in the real estate, construction, and contracting sectors, which were impacted by the complex geopolitical landscape, ongoing tensions in Europe, and conflicts in the Middle East. These factors collectively contributed to a decline in demand for real estate services and products.

Inovent Group's financial results for the fiscal year 2024 showed a net loss attributable to shareholders of the parent company amounting to US\$ 8.523 million, compared to a profit of US\$ 4.634 million in 2023, reflecting a negative turnaround of 284%. As a result, the parent company reported a basic and diluted loss per share of 2.81 US cents, compared to earnings per share of 1.56 US cents in the previous year.

This downturn was primarily driven by the underperformance of Tamcon Contracting Co. W.L.L., which faced a shortage of projects, resulting in reduced business volume, intensified competition within the contracting sector, and consequently, narrower profit margins.

The consolidated net operating profit for Inovent Group declined to a net loss of US\$ 8.167 million for the fiscal year 2024, compared to a net profit of US\$ 3.980 million in 2023. Operating expenses saw a 4.5% reduction, while operating income for 2024 reflected a negative balance of US\$ 134,000, representing a 101% decrease from the US\$ 12.39 million recorded in the previous year.

In terms of the Group's key balance sheet indicators, shareholders' equity of the parent company stood at US\$ 136.099 million at the end of 2024, down 8% from US\$ 148.547 million at the end of 2023. Similarly, total consolidated assets experienced an 8% decline, reaching US\$ 224.030 million compared to US\$ 242.700 million at the close of 2023.

Regarding liquidity, cash and bank balances accounted for 5% of total consolidated assets, down from 7% in the prior year. The cash and bank balance dropped by 41%, standing at US\$ 10.659 million at the end of 2024, compared to US\$ 17.960 million in 2023.

Despite the challenges faced over the past year, the beginning of the fourth quarter of 2024 marked a significant milestone with the conclusion of a strategic cooperation agreement by Bahrain Business Center Development Company, a company managed and partially owned by Inovent. The agreement was signed with Al-Azab Group, a leading company in the field of administrative services. Under this

lease agreement, a 14,000-square-meter space in the Business Center building at Bahrain Investment Wharf will be leased for a period of 20 years.

The leased area will be developed and equipped to accommodate more than 600 administrative offices, positioning the building as a hub for one of the region's most prominent integrated services brands. We are confident that this collaboration will deliver significant value to both parties and reaffirm Inovent's commitment to expanding its revenue streams and enhancing profitability in the years ahead, God willing.

Future outlook

Inovent plans to take decisive steps to regain profitability and pursue broader growth opportunities. This approach will focus on efficient cost management and addressing challenges within underperforming sectors, aiming to minimise their impact on the Group's overall performance.

In line with this strategy, Inovent is currently evaluating several investment opportunities in residential and commercial real estate development across the Kingdom of Saudi Arabia and select European markets. These promising prospects are anticipated to play a pivotal role in ensuring

sustainable growth and delivering positive results in 2025, while maintaining a strong focus on enhancing the Group's existing projects under ownership and management.

We remain confident in the Group's growth prospects, supported by the expertise of our dedicated team, disciplined strategy, and the leadership of the Board of Directors. These strengths will empower us to pursue well-defined plans with determination, aiming to generate strong investment returns, explore new opportunities, and create lasting value for our valued customers and shareholders. This direction aligns seamlessly with the region's continued economic momentum, particularly within the GCC.

According to the latest forecasts from the Gulf Statistical Centre, the GCC countries are projected to experience positive GDP growth in 2025 and 2026, supported by

stable inflation rates. GDP growth at constant GCC prices is expected to accelerate further in 2025, reinforcing our confidence in a significant transformation for the Group. This shift will be primarily driven by the strategic development and expansion initiatives we plan to implement in the coming year.

In line with this vision, the Board of Directors will prioritise the creation of new investment opportunities for the Group over the next three years, both within the Middle East and international markets. We believe the region offers promising prospects, with a particular focus on the GCC countries, especially Saudi Arabia and the United Arab Emirates. At the same time, we remain committed to exploring opportunities across other GCC markets while expanding our investment outlook to include the United Kingdom and the United States.

In 2025, we will also prioritise strengthening the company's human capital by attracting top talent and enhancing our capabilities in identifying and capitalising on high-potential opportunities. This includes recruiting young professionals with expertise in investment marketing to further support the Group's growth ambitions.

In Conclusion

On behalf of the Board of Directors and myself, I extend our sincere gratitude to our valued shareholders for their continued trust and support. I would also like to express our deep appreciation to our customers, investors, senior management team, and fellow Board members for their active engagement in Board and committee meetings. Their insightful contributions have been instrumental in guiding the Group's strategic direction and driving its progress forward.

Additionally, our thanks go to all our employees for their dedication, commitment, and tireless efforts in striving to enhance the Group's performance. We deeply appreciate their determination to go the extra mile in pursuit of excellence.

We also extend our sincere appreciation to all our partners and supporters, particularly the Central Bank of Bahrain, the Ministry of Industry and Commerce, and the Bahrain Bourse, for their continued support and cooperation.

Finally, we ask God Almighty to preserve the dear Kingdom of Bahrain and its wise government under the leadership of His Majesty King Hamad bin Isa Al Khalifa, may God protect and preserve him, and His Royal Highness Prince Salman bin Hamad Al Khalifa, may God protect and preserve him. We also ask God, the Most High and Almighty, to direct everyone's steps to the path of goodness and success.

For the Board of Directors,

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others*	Total	Remunerations of the chairman and BOD	Incentive plans	Others**	Total			
First: Independent Directors:											
1- Mohammad Al-Shalfan	-	4,590	-	4,590	-	-	-	-	-	4,590	-
2-Mohamed Al Matook	-	4,900	-	4,900	-	-	-	-	-	4,900	-
3- Abdulla Al- Abduljader	-	3,400	-	3,400	-	-	15,000	-	-	3,400	-
4- Ausama Al Khaja	-	1,800	-	1,800	-	-	-	-	-	16,800	-
5- Yaqoub Yousef Ali Bandar	-	1,150	-	1,150	-	-	-	-	-	1,150	-
6- Hazem Abdulla Elbakry	-	1,300	-	1,300	-	-	-	-	-	1,300	-
7- Ahmed Mohammed Al Bassam	-	500	-	500	-	-	-	-	-	500	-
Second: Non-Executive Directors:											
Third: Executive Directors:											
1- Mohammad Al-Ayoub	-	5,094	-	5,094	-	-	-	-	-	5,094	-
2- Abdulaziz Al Sanad	-	6,372	-	6,372	-	-	-	-	-	6,372	-
3- Dr. Abdulaziz Al Dakheel	-	5,010	-	5,010	-	-	27,135	-	-	32,145	-
4- Dr. Yousef Abdulla Al Mulla	-	500	-	500	-	-	-	-	-	500	-
Total	-	34,616	-	34,616	-	-	42,135	-	-	76,751	-

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

***Subject to the approval of the AGM and regulatory authorities.



Yaqoub Yousef Bandar

Chairman of the Board of Directors

The background of the entire page is a dark teal color. Overlaid on this background is a pattern of numerous thin, light brown or copper-colored lines. These lines are curved and wavy, flowing from the top right towards the bottom left, creating a sense of movement and depth.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Structure

The Company is governed by the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001 ("Companies Law"), Corporate Governance Code of the Kingdom of Bahrain ("Governance Code"), the High-Level Controls Module of Volume 4 and 6 of the CBB Rulebook, and the Bahrain Bourse Law of 1987, generally referred to as "Regulations".

The Company undertakes its responsibility towards its shareholders by adopting the highest standards of corporate governance. The Company believes that the sound implementation of corporate governance enhances shareholder value, and provides adequate guidelines to the Board of Directors, its committees and Executive Management, in order for them to perform their duties in a manner that best serves the Company and its shareholders. The Company seeks to achieve the highest level of transparency, accountability and efficient management through the adoption and pursuit of strategies, objectives and policies that ensure the fulfillment of its organizational and ethical responsibilities.

2. Board of Directors

The Board of Directors consists of seven Board Members, four independent, and three executive members.

The Board of Directors was elected in the Ordinary General Assembly held on 25 September 2025 for three years, and a new Board of Directors will be elected in the Third quarter of 2027.

2.1 Election Process

The Nomination and Remuneration Committee formed by the Board of Directors reviews the skills and qualifications that the prospective members of the Board of Directors must possess. The General Assembly elects the new candidate after obtaining majority votes in the ballot held for such purpose. Responsibilities are distributed across the Board of Directors in accordance with the Company's Articles of Association and the Commercial Companies Law. Membership of the Board of Directors may be nullified in case, inter alia, the member commits a crime, breaches trust or is declared bankrupt.

2.2 Board's Composition

The Chairman of the Board of Directors oversees the activities of Executive Management and evaluates its performance regularly, in addition to his other responsibilities, that include chairing Board meetings, monitoring the performance of the CEO, and communication with shareholders. The Board of Directors has formed certain committees with specific powers for the sake of guiding the management team, supervising the running of operations and taking decisions in the Company. The Board of Directors supervises the Company's management directly & through its various committees.

The Board of Directors has specified and segregated responsibilities between the Board and the Executive Management. The Board oversees all the activities of the Company and approves the same. It is responsible for Risk Management, the preparation of financial statements and corporate governance. The other issues that require approval of the Board include, inter alia, approval of financial statements, acquisitions and exits. The Board also ensures observance of the basic values of the Company, as prescribed in the internal policies of the Company.

All Company policies are being reviewed and approved on annual basis. In coordination with the Internal Audit Unit, the Risk Management Unit follows-up the validation and implementation of the policies and procedures under the supervision of the relevant committees. The Board of Directors is also responsible for approving Related Party transactions, subject to the schedule of Authorities adopted by the Company. The Board of Directors is also responsible for preparing the consolidated financial statements of the Company.

The members of the Board may communicate with the Company's Executive Management at all times. The CEO, in cooperation with the management team, shall monitor the Company's performance with regard to specific and (approved) objectives and shall conduct the Company's daily affairs pursuant to the policies, objectives, strategies and guidelines adopted and approved by the Board of Directors from time to time.

The Board of Directors consists of seven members, and their experience is mix of highly professional and specialized experience in their field of specialization and in the Real Estate Investment field.

INOVEST has a written appointment agreement with each member of the Board of Directors, which recites the members of Board of Director's power, and duties and other matters relating to his appointment including his term, the time commitment envisaged, the committee assignment if any, his remuneration and expense reimbursement entitlement, and his access to independent professional advice when that is needed.

3. Members of the Board of Directors and their other memberships

The following tables show the names and the date of the first membership of the Board of Directors:

Member	Term of Appointment	Date of First Appointment	Date of the end of current Term	Type of Membership	Position	Notes
Yacoub Bander	Three Years	12 th February 2018	Q3-2027	Independent	Chairman	Previously been a BOD member between 12 th Feb 2018 and 29 April 2021
Hazem Abdulla ElBakry		25 th September 2024		Executive	Vice Chairman	-
Dr. Yusuf Abdulla Al Mulla		25 th September 2024		Executive	Member	-
Mohammed Abdualwahab Almatook		29 th April 2021		Independent	Member	-
Abdullah Mohamad Alab-duljader		29 th April 2021		Independent	Member	-
Abdulaziz Fahad Dakheel		29 th April 2021		Executive	Member	-
Ahmed Al Bassam		25 th September 2024		Independent	Member	-

The Board of Directors does not comprise females.

4. Director Ownership of Shares

No directors own any shares in the company.

5. Distribution of Shareholding

5.1 Distribution of Shares per Nationality

As of 31st December 2024 the Company's register show that there were 840 shareholders who own in total 306,853,523 shares. Following is the distribution of shares in the Company per nationality:

Nationality	Number of Shares	Ownership (%)
Bahraini	15,640,596	5.10%
Kuwaiti	281,482,619	91.73%
Emirati	3,692,144	1.20%
Saudi	4,601,716	1.50%
Others	1,436,448	0.47%
Total	300,836,787	100

5.2 Shareholders Who Own 5% or more of Company's Shares

The following schedule shows number and names of shareholders who own 5% of Company's shares or more as of 31 December 2024:

Shareholders	Number of Shares	State	Ownership (%)
Gulf Investment House (GIH)	21,340,000	Kuwait	6.95
Abdulwahab Assad Alsanad & his group Sanad Co. for buying and selling shares and bonds	27,088,879	Kuwait	9.00

5.3 Distribution of Share Ownership per Quantity/Size

The following schedule shows the distribution of share ownership as of 31 December 2024 as per shareholding size:

Categories:	Number of shares	Number of Shareholders	Ownership %
Less than 1%	85,706,071	822	27.93
up to less than 5% 1%	113,134,698	14	36.87
up to less than 10% 5%	76,252,736	3	24.85
up to less than 20% 10%	31,760,018	1	10.35
Total	306,853,523	840	100

5.4 Ownership by Government

None of the share of the company was owned by the Government as at 31st December 2024.

6. Board of Directors Committees

The Board of Directors formed three committees having specific assignments and powers:

Nomination & Remuneration Committee Members	Position	Responsibilities	Type of Membership
Ahmed Mohamed Albassam	Chairman	Human Resources, Compensation & Benefits Management Issues	Independent
Mohammed Abdualwahab Almatook	Vice Chairman		Independent
Abdullah Mohamad Alabduljader	Member		Independent
Audit, Risk & Corporate Governance Committee Members	Position	Responsibilities	Type of Membership
Yacoub Yousif Bander	Chairman	Internal Audit External Audit Compliance Anti-Money Laundering Risk Management, Corporate Governance	Independent
Abdullah Mohamad Alabduljader	Vice Chairman		Independent
Hazem Abdulla Elbakry	Member		Executive

Meetings of the Board of Directors shall be held in accordance with the regulations at least once every quarter and whenever necessary, in addition to the meetings of the Committees of the Board. During 2024, the Board of Directors met four times and the Annual General Meeting of the Company was held on 20 March 2024.

In addition, the Audit, Risk & Corporate Governance Committee met four times and the Nomination and Remuneration Committee had three meetings.

The Board of Directors and its committees receive periodical reports from Executive Management on all aspects of the Company's activities. The Board also receives periodical reports from the Internal Audit Department, Risk and Compliance Department, and Finance Department.

Audit & Risk Committee

INOVEST's Board formed an Audit & Risk committee of three members, including the chairman as an independent member and two members one independent and one executive.

The Audit & Risk Committee has relevant financial ability and experience, which Include:

The ability to read and understand corporate financial statements including a company's balance sheet, income statement and cash flow statement and changes in shareholders' equity.

An understanding of the accounting principles which are applicable to the company's financial statements, experience in evaluating financial statements that have a level of accounting complexity comparable to that which can be expected in the company's business, an understanding of internal controls and procedures for financial reporting, and an understanding of the audit committee's functions and importance.

The Audit & Risk Committee Meets at least 4 time a year. The Committee has a formal written charter.

Nomination, Remuneration & Corporate Governance Committee:

INOVEST's Board formed a Nomination, Remuneration and Corporate Governance Committee of three members, all of them are independent.

The Nomination and Remuneration Committee shall meet at least 4 times a year. The Committee has a formal written charter.

Here are the names of the members of the Board of Directors and denominated position and other position they hold:

Yacoub Bander

Chairman
Independent

Mr. Yacoub Bandar is considered one of the professionals in the financial services and investment sector, as his experience in this sector began in 2004 as an investment supervisor in the investment sector at Kuwait Finance House. He also worked in the Gulf Investment House Company as Assistant Vice President of Direct Investment Management. He also served on several boards of directors of joint stock companies in Kuwait, the United Arab Emirates, the Sultanate of Oman, the Kingdom of Bahrain, and the Kingdom of Morocco. He currently holds the position of General Manager of APEX Management Consulting Company.

Mr. Yacoub holds a Bachelor's degree in Finance and Financial Institutions from Kuwait University and holds a Master's degree in Business Administration from the Gulf University for Science and Technology.

Hazem Abdulla Elbakry

Vice Chairman
Executive

Mr. Hazem Al-Bakri has been working in the finance and investment sector for more than twenty-five years. He currently holds the position of CEO of Afkar Holding Company, in addition to his work in several other executive positions in a number of projects, where he held the position of Director of the Asset Management Sector at Al-Madina Finance and Investment Company, as well as a Senior Financial Analyst at KAMCO Investment Company. Mr. Hazem Al-Bakri has been working in the finance and investment sector for more than twenty-five years. He currently holds the position of CEO of Afkar Holding Company, in addition to his work in several other executive positions in a number of projects, where he held the position of Director of the Asset Management Sector at Al-Madina Finance and Investment Company, as well as a Senior Financial Analyst at KAMCO Investment Company.

Mr. Hazem Al-Bakri's experiences have varied between managing securities portfolios and trading in regional and global financial markets. Mr. Hazem Al-Bakri currently holds the position of Vice Chairman of the Board of Directors of the Snack Food Company in Kuwait and a member of the Board of Directors of the Gulf Industrial Development Company in the Kingdom of Saudi Arabia.

Mr. Hazem Al-Bakry obtained a Master's degree in Business Administration (MBA) from the Arab Academy for Science and Technology in the Arab Republic of Egypt, in addition to a Bachelor's degree in Accounting from the Faculty of Commerce, Cairo University.

Dr. Yousuf Abdulla Almula

Acting Managing Director
Executive

Dr. Yousef Al-Mulla has more than twenty years of professional experience in the financial and real estate sectors. He held several leadership positions in his career, including CEO and Board Member of YMCC General Trading Company (Dubai), Board Member of Oman Cooperative Company (Muscat), and Board Member of Mada'in Real Estate Company (Dubai).

Dr. Yousef Al Mulla holds a PhD in Business Administration from the University of Management Sciences (Malaysia), an MBA in Public Administration from the Canadian University (Dubai).

Dr. Abdulaziz Fahad Al Dakheel

Board Member
Executive

Dr. Abdulaziz Al Dakheel has over 30 years of experience in analysis, development, and marketing of investments and shariah compliant financial products. Dr. Al Dakheel is the owner of AFD Consulting which had in the past associated with Barclay's Capital (Geneva) for regional product placement. Dr. Al Dakheel was pivotal in the establishment of a number of investment banks and institutions such as Venture Capital Bank (Bahrain), Ibdar Bank, and GFH. At present, Dr. Al Dakheel sits on the Boards of the Takreerat Oil Recycling and Blending Company and the Al-Baz Industrial Corporation, as well as Bayt Alnomow Capital Company (BNC). Dr. Al Dakheel has held numerous board seats in financial institutions across his tenure, including Adeem Capital Investment Bank, Ibdar Bank, Venture Capital, Al Khaleej Development Company (TAMEER), Reef Real Estate Finance Co., Tabuk Agricultural Development Co., and BNC.

Dr. Abdulaziz Al Dakheel holds a Bachelor of Science in Computer Engineering from the University of Washington (USA), a master's degree in business administration from Hull University (UK), and a PHD in Economics from the American University (UK).

Mohammed Abdulwahab Al Matook

Board Member
Independent

Mr. Mohammed Al Matook has 20 years of experience in property development and commercial malls and mall management across Kuwait, Oman, and the Kingdom of Bahrain. His expertise has been in business acceleration, and strategic growth and development. Mr. Al Matook has had a range of multi-disciplinary experiences having held the position of Deputy CEO of Al Hamra Real Estate Company, Kuwait, and as Senior Vice President of the Leasing Department at ALARGAN International Real Estate Company in Kuwait, Oman, and Bahrain. Currently he is a board member at Hilal Cement Company and Managing Director at Al Matooq Combined Group.

Mr. Mohammed Al Matook holds a Bachelor of Science in Civil Engineering from Florida Institute of Technology (USA) and a master's in business administration from Florida International University (USA).

Abdullah Mohammed AlAbduljader

Board Member

Independent

Mr. Abdullah AlAbduljader has over 9 years of experience in the investment industry, with targeted experience in personal direct investments, corporate restructuring, private equity, and venture capital. Mr. AlAbduljader is Chief Executive Officer at Gastronomica ME. Mr. AlAbduljader has held positions in several private organizations.

Mr. Abdullah AlAbduljader holds a bachelor's degree in Finance from the Gulf University for Science and Technology (Kuwait) and a master's degree in business administration and finance from Kuwait University (Kuwait).

Ahmed Mohamed Albassam

Board Member

Independent

Mr. Ahmed Mohammed Al-Bassam is a member of the Board of Directors of Inovent and is an independent member. He holds the position of Senior Financial Specialist at the Ministry of Finance, in addition to being a member of the Kuwait Society of Accountants and Auditors and the Kuwait Economic Society. He has also entered into many training programs in the field of financial accounting and international accounting standards, and holds a bachelor's degree from Kuwait University, specializing in accounting.

7. Dates of Board of Directors Meetings and its Committees

Board of Directors: Four meetings were held during 2024:

Board Member	Meeting Date				
	20 th February 2024	17 th April 2024	13 th May 2024	13 th November 2024	Attendance %
1. Mohammad Hamed Al Shalfan *	✓	✓	✓	-	100%
2. Mohamed Salah Al Ayoub *	✓	✓	✓	-	100%
3. Abdulaziz Assad Alsanad *	✓	✓	✓	-	100%
4. Abdulaziz Fahad Dakheel	✓	✓	✓	✓	100%
5. Mohammed Abdualwahab Almatook	✓	✓	✓	✓	100%
6. Abdullah Mohamad Alabduljader	✓	✓	✓	✓	100%
7. Ausama Abdulrahim Alkhaja*	✓	✓	✓	-	100%
8. Yacoub Yousif Bander	-	-	-	✓	100%
9. Hazem Abdulla Elbakry	-	-	-	✓	100%
10. Dr. Yousuf Abdulla Almulla	-	-	-	✓	100%
11. Ahmed Mohamed Albassam	-	-	-	✓	100%

Note: The members of the Board of Directors for the current period were elected on 25th September 2024, and therefore the November meeting will be the first meeting of the Board members for the current period.

*previous board member

Nomination & Remuneration Committee: three meetings were held during 2024:

Board Member	Meeting Date			
	20 th February 2024	17 th April 2024	25 th November 2024	Attendance %
1. Mohammed Abdualwahab Almatook	✓	✓	✓	100%
2. Abdullah Mohamad Alabduljader	✓	✓	-	100%
3. Mohammad Hamed Al Shalfan*	✓	✓	-	100%
4. Ahmed Mohamed Albassam	-	-	✓	100%
5. Dr. Abdulaziz Fahad Aldakheel	-	-	✓	100%

Note: The members of the Board of Directors for the current period were elected on 25th September 2024, and therefore the November meeting will be the first meeting of the Board members for the current period.

Audit, Risk and Corporate Governance Committee: four meetings were held during 2024:

Board Member	Meeting Date				Attendance %
	20 th February 2024	13 th May 2024	13 th August 2024	13 th November 2024	
Ausama Abdulrahim Alkhaja	✓	✓	✓	-	100%
Mohamed Salah Al Ayoub	✓	✓	✓	-	100%
Abdullah Mohamad Alabduljader	✓	✓	✓	✓	100%
Hazem Abdulla Elbakry	-	-	-	✓	
Mohammed Abdualwahab Almatook	-	-	-	-	

8. Code of Ethics

The Board of Directors has adopted a code of ethics applying to all the staff. This code defines how to deal with cases involving conflicts of interest. It obliges all the members of the Board of Directors, Executive Management, and all employees to follow the highest professional measures and care while performing their duties.

All Board members and employees act ethically at all times and adhere to the Company's Code of Conduct.

In the event that a member of the Board of Directors becomes aware of an issue that may be tainted by a conflict of interest, he must notify the Board of that for the purpose of enabling the Board to take appropriate actions and decisions. The Board Charter also states that a member must be absent from discussions or decisions that involve a potential conflict of interest.

Each Board member at INOVEST understands that under INOVEST's rules and regulations he/she is personally accountable to the company and its shareholders if he/she violates the code of ethics and legal duty of loyalty to the company.

Every effort should be made by Board members to ensure that there is no conflict of interest between their personal and business affairs and the interests of the company and its clients and shareholders.

9. Induction and Training of Directors

INOVEST makes sure that all its Board's members have the knowledge, ability and experience to perform the functions required of a Board member. Hence, an awareness program is conducted for the new and existing Board members.

10. Performance Evaluation

In compliance with the Company Corporate Governance Guidelines as well as CBB guidelines, Board carried out a formal performance evaluation for all Board of Directors members. The evaluation is aimed to assess Board effectiveness and support in identifying the need for creating an effective Board, strategic foresight, stewardship, performance evaluation, professional development, engage with Management and performance of Individual Board Members.

The Board conducts an annual evaluation of its performance and the performance of each committee and each individual director.

11. Remuneration

Board of Directors' remuneration takes into consideration the Company performance as well as an assessment of compliance of individual members with their performance agreement and individual responsibilities. The AGM determines the Board of Directors' remuneration, and it is subject to the provisions of the Commercial Companies Law and to any decisions issued by the Minister of Industry, Commerce and Tourism, as well as the regulations of the Central Bank of Bahrain.

INOVEST's Board of Directors establish a Remuneration Committee to review and adopt the remuneration policies, and to monitor the remuneration system and ensure its proper implementation and management, and to make recommendations concerning the remuneration of the Board of Directors in the General Assembly meeting. The total Board remuneration was US\$ 362,736 in 2024.

12. Compliance with Regulatory Authorities Requirements

Being an Islamic Financial Institution, the Company observes a Policy of compliance at all times with the rules and regulations of regulatory authorities. It is Company Policy to disclose all events of non-compliance whenever they occur. Compliance has been improved through ongoing enhancement of the governance framework, the bedding-in of the comprehensive Corporate Governance Guide, in accordance with the Corporate Governance Code and CBB Rulebook HC Module, as prescribed in the Central Bank of Bahrain Rule Book. The Corporate Governance Guide includes a code of ethics for the Board and all committees under it. It also includes a Conflicts of Interest Policy, procedures for the reporting of offences, basic guiding principles for corporate governance, Board members' appointment agreement, Board members' performance evaluation Policy, and an External Advisors policy.

The Company continues to review and develop its corporate governance framework, in accordance with the changing requirements of regulatory authorities, and in compliance with global corporate governance best practice. In the interest of maintaining the highest standards of Corporate Governance at the company, and for its shareholders, the company is committed to keeping the members of the Board of Directors apprised of industry best practice, and to addressing any of their queries with regard to sound Corporate Governance. The Company, through the Board of Directors and its committees, aims to meet the highest standards of corporate governance, in the interest of its shareholders.

13. Sharia Supervisory Board

The Sharia Supervisory Board consists of three members who monitor compliance by the Company with the general principles and rules of Islamic Sharia, Fatwas, resolutions and guidelines issued for such purpose. The Board's reviews include examining and reviewing the evidences related to the documents and the procedures followed by the Company to ensure that all its activities and business transactions are in compliance with the principles and rules of Islamic Sharia. Following are the names of members of the Sharia Supervisory Board with a summarized profile of each.

Shaikh Dr. Hamad Al Mazroui

He holds a PhD and a Master's degree in Fundamentals of Jurisprudence from the College of Sharia at the University of Jordan, as well as a Bachelor's degree in Fundamentals of Jurisprudence from the College of Sharia at Kuwait University. He is a member of the teaching staff at the College of Sharia at Kuwait University, and the Public Authority for Applied Education and Training. In addition to his academic qualifications, Sheikh Dr. Hamad Al Mazrouei holds a number of specialized professional certificates as a certified Sharia auditor, issued by the Central Bank of Kuwait, a certified accountant in Zakat, a certificate issued by the Kuwait Accountants and Auditors Association. Dr. Hamad Al-Mazrouei is a researcher in the field of Islamic economics. He has published books and researches in the field. He has published a number of peer-reviewed researches with the following titles, for example, but not limited to: The impact of the emergency circumstances theory on implied contracts, custom and its impact on jurisprudential rulings, zakat on inherited property before division.

Shaikh Dr. Abdulrahman Al Baloul

He holds a Ph.D. in Comparative Jurisprudence and Principles of Jurisprudence from Kuwait University. He also obtained a Master's degree in Fundamentals of Jurisprudence from the College of Sharia and Islamic Studies at the University of Jordan, the Hashemite Kingdom of Jordan. Prior to that, he obtained a Bachelor's degree in Comparative Jurisprudence and Shari'a Politics from the College of Sharia and Islamic Studies at Kuwait University.

Sheikh Dr. Abdul Rahman Al-Baloul has specialized professional certificates, as he is a certified Shari'a observer and auditor (CSAA), a certificate issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), a certified Shari'a auditor - a certificate issued by the Central Bank of Kuwait, a certified banker in the field of Islamic banks - a certificate issued by the General Council of Banks and Islamic Financial Institutions (CIBAFI), a certified accountant in Zakat - a certificate issued by the Kuwait Association of Accountants and Auditors, he holds a license as a certified trainer in Islamic finance from the Islamic Economics Club at Kuwait University.

Sheikh d. Abdul Rahman Al-Baloul has 12 years of experience in Islamic banks and the private sector. He is considered a researcher in the field of Islamic law and law. He has researches and books on the jurisprudence of financial transactions, and comparison with Arab civil laws. In addition, he is a faculty member in the Public Authority for Applied Education and Training in the State of Kuwait.

Shaikh Dr. Mohamed Abdulrahman Al-Shurafa

He holds a PhD in Islamic Finance for a dissertation on External Sharia Auditing in Islamic Capital Markets, with distinction, from the University of Malaya - Malaysia. He also obtained a Master's degree in Islamic Finance CIFP - International University of Islamic Finance (INCEIF) affiliated to the Malaysian Central Bank Bank Negara - Malaysia. And an Executive Professional Master's Certificate in Islamic Finance and a Professional Diploma in Sharia Auditing - issued by the General Council for Islamic Banks and Financial Institutions (CIBAFI), and before that he obtained a Bachelor of Science in Finance from the Gulf University for Science and Technology - Kuwait.

He is also a Certified Shari'a Supervisor and Auditor (CSAA), Certificate issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Professional Diploma in Shari'a Auditing, Certificate issued by the General Council for Islamic Banks and Financial Institutions (CIBAFI), Diploma of the Chartered Institute of Management Accountants in the field of Finance Islamic, Chartered Institute of Management Accountants (CIMA). He also obtained the Sharia Advisor Fellowship issued by the Saudi Judicial Scientific Society affiliated to Imam Muhammad bin Saud Islamic University.

Dr. Muhammad Al-Shurafa has practical experience specializing in external Sharia auditing and Islamic financial markets for more than ten years. He is a certified trainer for the advanced Islamic specialization certificate in Sharia auditing. He has great practical experience in the field of Sharia auditing applications, especially zakat and shares that are compatible with Islamic Sharia. Jurisprudence with regard to aspects of governance, Sharia auditing, capital market reports, and stock subscriptions

14. Executive Management's Committees

The Board of Directors has delegated the day-to-day management of the Company's affairs to the CEO who is responsible for the implementation of the strategic plan of the Company. The CEO manages the Company through the following management committees:

Committee Name	Primary Responsibilities
Management Committee	• Corporate Strategy • Performance Assessment • Finance • HR • Administrative Issues
Assets & Liabilities Committee	• Manage the Balance Sheet • Financial Management • Liquidity Management • Banking Relations
Investment Management Committee	• Review of Investments • Exits Processes • Acquisitions Processes

15. Executive Management and Senior Management

Following are the job titles of the members of the Executive Management of the Company:

Dr. Yousuf Abdulla Almula

Acting Managing Director
Executive

Dr. Yousef Al-Mulla has more than twenty years of professional experience in the financial and real estate sectors. He held several leadership positions in his career, including CEO and Board Member of YMCC General Trading Company (Dubai), Board Member of Oman Cooperative Company (Muscat), and Board Member of Mada'in Real Estate Company (Dubai).

Dr. Yousef Al Mulla holds a PhD in Business Administration from the University of Management Sciences (Malaysia), an MBA in Public Administration from the Canadian University (Dubai).

Talal Abdulaziz Al Mulla

Chief Investment Officer

Mr. Talal Al Mulla joined INOVEST team with over 23 years of experience in investment banking with an established track record in developing and managing investment portfolios as well as handling quasi-debt financing, capital preservation and return distribution. Throughout his career, Mr. Al Mulla has held several progressive posts, including his most recent as Chief Investment Officer at Al Salam Bank Bahrain, where he played a critical role in deal sourcing and negotiation, structuring, risk management and portfolio control, as well as exit strategizing. Talal's background as both an accountant and an auditor further adds a specialized risk management and financial control framework to his investment acumen.

Mr. Al Mulla holds a B.Sc in Accounting from the University of Bahrain, and also holds CPA and CIA accreditations.

Yusuf Ebrahim Maraghi

Director – Finance

Mr. Yusuf Maraghi joined the INOVEST team in 2018, with over 21 years of experience in the field of finance and accounting. Across his career, Mr. Maraghi held responsibility for finance strategy, managing the corporate accounts, intercompany and interbank relations, as well as budget development and approval, and streamlining financial policies and procedures. Prior to joining the team, Yusuf was Head of Finance at Eazy Financial Services, and held positions in major academic institutions, and in AlSalam Bank before that.

Yusuf graduated from the University of Bahrain with a BSC degree in Accounting.

Hamad Abdulla Zainalabedeen

Head of Internal Audit

Hamad Zainalabedeen joined Inoest BSC in 2009 as the Head of Internal Audit Department. Mr. Zainalabedeen has worked in a number of local and world renowned financial institutions and professional audit firms over the last 26 years with extensive auditing experience in Islamic Investment Banks, Investment Businesses, Manufacturing Enterprises, Governmental Organizations and other sectors.

Prior to joining Inoest, Mr. Zainalabedeen held leading positions in Internal Audit at Investment Dar Bank and Gulf Finance House. Hamad also worked with Ernst & Young and Arthur Andersen as an external auditor.

Hamad holds an Executive MBA and Bachelors of Science in Accounting from the University of Bahrain.

ALI HAJI

Head of Risk Management

Mr. Ali is an accomplished risk management professional with over 15 years of experience in the financial industry.

Throughout his career, Ali has demonstrated expertise in risk assessment, research, and analysis. He has worked with several organizations, including International Payment Services, Venture Capital Bank, and National Bank of Bahrain.

Mr. Ali's professional experience includes serving in various roles in risk management. Currently, he serves as the Director of Risk at Inovent BSC, where he is responsible for developing risk models, designing, and implementing an overall risk management process, and establishing the level of risk the company is willing to take.

Mr. Ali has earned several certifications, including (APRM) from Professional Risk Managers' International Association (PRMIA) and FBR from the Global Association of Risk Professionals (GARP). He also holds a B.A in Business and Finance from Heriot-Watt University

Ahmed Khameeri

Director-Compliance

Mr. Ahmed Khameeri joined Inovent in 2022 with more than 18 years of experience in the financial sector, in particular retail banking services as well as investment and offshore banks, most of which he specialized in the areas of governance, compliance, anti-money laundering and risk management. Prior to joining Inovent, he held the position of Head of Compliance and Money Laundering Reporting Officer at Tadhamon Capital B.S.C. for a period of 8 years, where he worked on developing and improving frameworks and promoting a culture of compliance and raising awareness regarding compliance and anti-money laundering issues within the work environment.

Prior to that, Ahmed worked in several departments in both Global Banking Corporation (GBCORP) and Arab Bank, such as compliance, support services for treasury and offshore operations and retail banking. Ahmed holds an International Diploma in Governance, Risk and Compliance from the International Compliance Association "ICA" in cooperation with the University of Manchester Business School. He is a member of the International Compliance Association (MICA). He also holds an Advanced Diploma in Islamic Commercial Jurisprudence from the Bahrain Institute of Banking and Finance (BIBF) as well as a Diploma in Business Studies from the University of Bahrain and also a Bachelor's degree in Banking and Finance from Kingdom University.

16. Executive Management Shareholding

The executive & Senior Management do not hold any shares in the company.

17. Executive Management Remuneration

The Company Establishes management remuneration in line with approved internal policies, procedures and guidelines. The qualification of such remuneration set by the company's Board of Directors. The total salaries, allowances and remuneration paid to the senior Management was US\$ 1,337,784 in 2024.

18. Related Party Transactions

The details of related party transactions are shown under Note (29) of the Consolidated Financial Statements for the year ending 31 December 2024 as per Article (189) of the Commercial Companies Law.

19. Compliance Control and Money Laundering Combating

Company recognizes its responsibility of compliance with all the related provisions by implementing global best practice. The Company has established a unit for regulatory control, to ensure adherence to the guidelines & rules of the Central Bank of Bahrain. This unit acts both to ensure observance of the principles of Islamic Sharia and regulatory rules, and the implementation of Compliance best practice.

The procedures for combating money laundering form a major part of compliance assignments. The Company maintains specific policies and procedures, approved by the Board of Directors, for money laundering prevention. These include a Client Due Diligence process, reporting of suspicious transactions, periodical staff awareness and training programs, & record-keeping, as well as the key policy of appointment of an officer dedicated to money laundering prevention. Money laundering prevention Policy & Procedures are reviewed annually by external auditors, who report their findings to the Central Bank of Bahrain. The Company is committed to combating money laundering, and to implementing all AML rules, principles and guidelines issued by the Central Bank of Bahrain.

Pursuant to HC Module of the CBB Rulebook (Volume 4 - HC Module) that refers to the principle of "Comply or Explain", which provides that it is necessary for the Company to interpret non-compliance events with the recommendations prescribed in the Rulebook, the Company is pleased to inform the shareholders that the Company is in compliance with CBB rules and guidance.

20. External Auditor

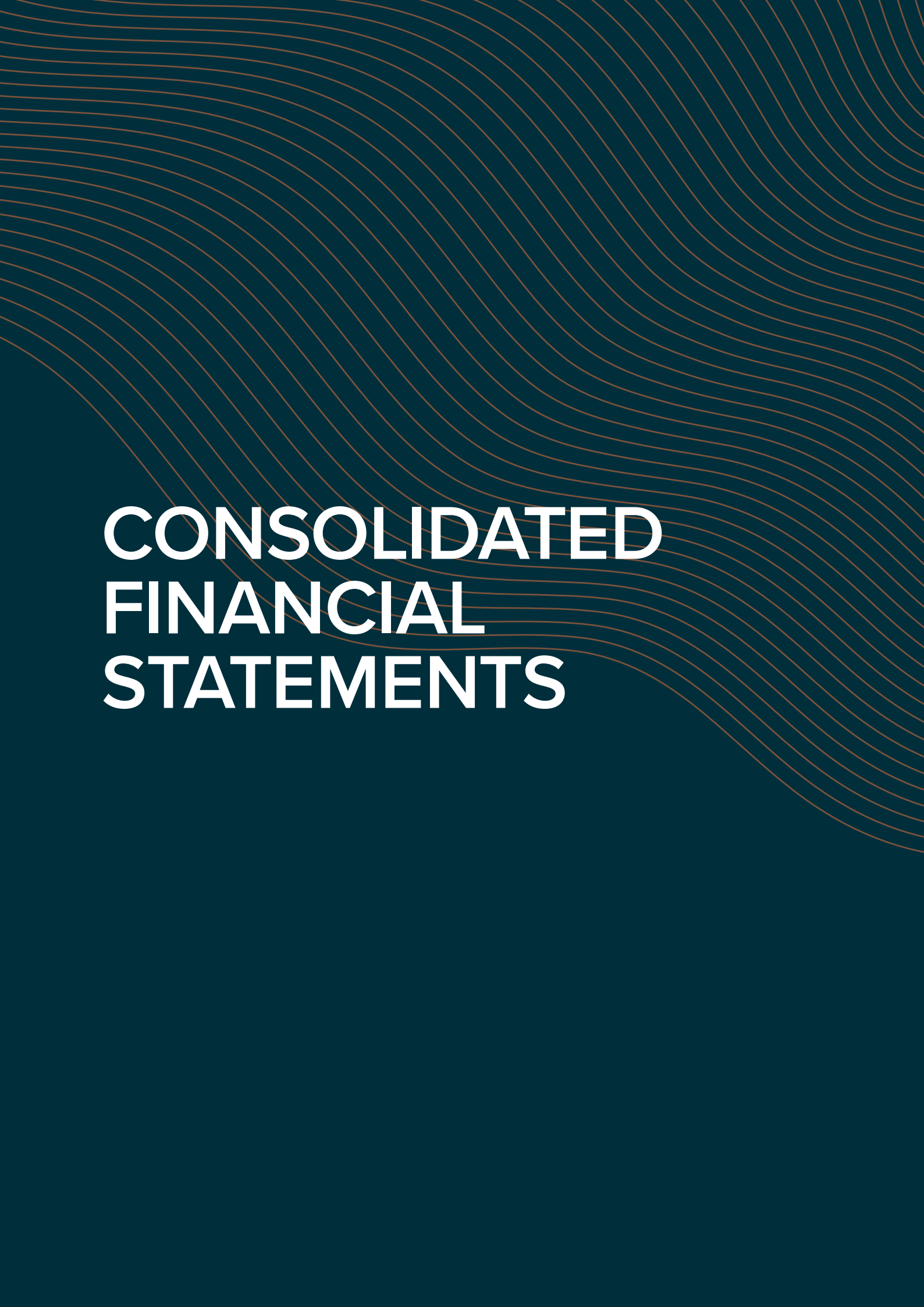
The AGM held on 20th March 2024 approved reappointing M/S Ernst & Young to conduct the review and audit of the Company's consolidated financial statements for the year ended 31 December 2024. Total fees approved by the Board of Directors for the external auditors were US\$ 44,271 in addition to an amount of USD\$17,745 total fees for non-auditory services.

21. Employment of Relatives Policy

It is part of the company's policy that the first-degree relatives of an existing employee, with "approved persons" status (as per CBB guidelines) may not be employed by the company, unless exceptionally permitted by the CEO, within the noted regulatory perimeters.

22. Communications with the Investors

INOVEST communicate to investors through the adherence with both Bahrain Bourse and Kuwait Boursa rules and regulations with regard to disclosure of material information beside the press releases the Company issued. The Investor may communicate with the Company via visiting its official website to view the financial data and statements, and all the other information included in the website.



CONSOLIDATED FINANCIAL STATEMENTS

SHARIA SUPERVISORY BOARD REPORT

In the name of Allah, The Beneficent, The Merciful

Sharia Supervisory Board Report on the activities of INOVEST Company B.S.C

For the Twelve Months Period Ended 31 December 2024.

All praise is due to Allah , Lord of the worlds, Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

To the Shareholders of INOVEST B.S.C **"the Company"** ,

Acting as Sharia Supervisory Board **"SSB"** pursuant to the appointment resolution passed by the General Assembly of the Company and SSB meeting on Sunday 23th December. 2024 in State of Kuwait, we are required to provide the following report:

The SSB has reviewed the Company's principles, contracts related transactions, and applications submitted by the Company's management for the twelve months period ended 31 December 2024, and based on the Sharia auditor presentation of the Company's activities for the abovementioned period, and comparing it with the fatwa and rulings issued.

The Company's management is responsible for ensuring that the Company conducts its business in accordance with the Islamic Shari'a Rules and principles. It is our responsibility to form an independent opinion, based on our review of the Company's operations and to report to you.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated Islamic Shari rules and principles.

In our opinion:

The contracts and transactions concluded by the Company during the Twelve Months Period Ended 31 December 2024 that we have reviewed are in compliance with the Islamic Shari'a Rules and Principles.

Also, the SSB has approved the financial statements and concluded that it's prepared in an acceptable form from Islamic Sharia view. The respective report has been prepared based on the information provided by the Company.

Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

Dr. Hamad Yusuf AlMazrouie

Chairman



Dr. Abdulrahman Mohamad Al-Baloul

Vice Chairman



Dr. Mohammed Abdulrahman AlShurafa

Member





INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INOVEST B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Inovent B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the related consolidated statements of income and other comprehensive income, changes in owners' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated results of operations, cash flows, and changes in owners' equity for the year then ended in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ["AAOIFI"].

Basis for opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions (ASIFI) issued by AAOIFI. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Islamic Finance Professionals ("Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material judgment of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Valuation and impairment of investments	
Refer to notes 3, 4 & 6	
Key audit matter / risk	How the key audit matter was addressed in the audit
The Group's Financial investments comprise: i) Investments; ii) Investments in joint ventures and associates; and iii) Investments in real estate. The above investments represent 84% of the Group's total assets. The valuation of investments along with investments in real estate and impairment of investments in joint ventures and associates involve complex accounting requirements, including assumptions, estimates and judgements underlying the determination of fair values, which increases the level of judgement required by the Group in calculating the fair values, and the associated audit risk of recognition and impairment.	Our audit procedures included, among others, the following: Understanding the process of valuations of investments for the purpose of assessing changes in fair value of investments or impairment assessment. Obtaining independent external valuation reports and assessing the appropriateness of the valuation methods and assumptions used by the valuers. For a sample of investments, we engaged internal valuation experts to perform independent valuation testing. We assessed the adequacy of the Group's disclosures in relation to these investments by reference to the requirements of the relevant accounting standards.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INOVEST B.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

2. Allowance for expected credit losses	
Refer to notes 3, 4, 7, 8 & 9	
Key audit matter / risk	How the key audit matter was addressed in the audit
The Group's gross receivables as of 31 December 2024 amounts to US\$ 38.89 million and the related allowance for expected credit losses amounts to US\$ 23.96 million. The Group applied the simplified approach to measuring Expected Credit Losses (ECL) on receivables as allowed by FAS 30. The determination of the ECL allowance for receivables involves estimates and assumptions in relation to loss rates based on past history of defaults, existing market conditions, segmentation of customers based on credit characteristics as well as forward looking estimates. Due to the significance of receivables and subjectivity involved in the determination of ECL, this is considered as a key audit matter.	Our audit procedures included, among others: Testing the accuracy of ageing of receivables. Assessing the appropriateness of segmentation of receivables of customers based on credit characteristics. Assessing the Group's ECL allowance process including reasonableness of the inputs used. Assessing the adequacy of the disclosures in relation to receivables and allowance for ECL.

Other information included in the Board of Directors' Report of and Shari'a Supervisory Board Report

Other information consists of the information included in the Board of Directors' statement and the Shari'a Supervisory Board report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement, of this

other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic

Report on the Audit of the Consolidated Financial Statements (continued)

Shari'ah Rules and Principles are the responsibility of the Company's Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with AAOIFI and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with AAOIFI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

part of an audit in accordance with AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (CBB) Rule Book (Volume 4), we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;
- c) except for what has been reported in note 1 to the consolidated financial statements, we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 4 and applicable provisions of Volume 6) and CBB directives, or the terms of the Company's memorandum and articles of association having occurred during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

In our opinion, the Group has also complied with the Islamic Shari'a Principles and Rules as determined by the Shari'a Supervisory Board of the Group during the period under audit.

The Partner in charge of the audit resulting in this independent auditor's report is Prasanth Govindapuram.

Auditor's Registration No: 212
23 February 2025
Manama, Kingdom of Bahrain

	Note	2024	2023
ASSETS			
Cash and bank balances	5	10,658	17,960
Accounts receivable	6	14,933	24,885
Investments	7	10,596	9,650
Investments in joint ventures and associates	8	95,928	96,950
Investments in real estate	9	85,510	83,451
Property, plant and equipment	10	7,102	11,119
Other assets	11	2,447	1,501
Right of use asset	12	253	46
TOTAL ASSETS		227,427	245,562
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities and accounts payable	13	65,394	71,338
Ijarah liability	14	242	43
Total liabilities		65,636	71,381
Owners' Equity			
Share capital	15	122,741	120,334
Less: Treasury shares	15 & 17	(1,338)	(1,309)
		121,403	119,025
Reserves	16	6,964	7,322
Retained earnings		7,732	22,200
Equity attributable to Parent's equity shareholders		136,099	148,547
Non-controlling interests		25,692	25,634
Total owners' equity		161,791	174,181
TOTAL LIABILITIES AND OWNERS' EQUITY		227,427	245,562



Yaqoub Yousef Bandar
Chairman



Hazem Abdulla Al Bakry
Vice Chairman



Dr. Yousuf Abdulla Al Mulla
Acting Managing Director

	Note	2024	2023
OPERATING INCOME			
Net (loss) / income from construction contracts	19	(7,312)	206
Income from investments in real estate	20	3,392	4,176
Income from investments	21	159	3,327
Fee from management and other services	22	1,724	2,712
Share of net (loss) / gain from investments in joint ventures and associates		(370)	623
Other income	8	2,273	1,346
TOTAL OPERATING (LOSS) / INCOME	23	(134)	12,390
OPERATING EXPENSES			
Staff costs		3,490	3,736
General and administrative expenses		2,245	2,188
Property related expenses	24	1,811	1,913
Depreciation	25	364	312
Financing costs		-	145
Net ljarah cost	10	123	116
TOTAL OPERATING EXPENSES		8,033	8,410
	26		
NET OPERATING (LOSS) / PROFIT		(8,167)	3,980
Net charge of provision for expected credit loss		(299)	(727)
Net movement in provision for case compensation		-	1,593
(LOSS) / PROFIT FOR THE YEAR		(8,466)	4,846
OTHER COMPREHENSIVE LOSS	5 & 6		
Items that may subsequently be classified to the statement of income		(358)	-
Total other comprehensive income for the period		(358)	
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(8,824)	4,846
(Loss) / profit for the year attributable to :			
Equity shareholders of the Parent		(8,524)	4,634
Non-controlling interests		58	212
		(8,466)	4,846
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (US\$ cents)	27	(2.81)	1.53



Yaqoub Yousef Bandar
Chairman



Hazem Abdulla Al Bakry
Vice Chairman



Dr. Yousuf Abdulla Al Mulla
Acting Managing Director

Equity attributable to Parent's shareholders								
	Reserves							
	Share capital	Treasury shares	Statutory reserve	Fair value through equity reserve	Retained earnings	Total equity	Non-controlling interests	Total owners' equity
At 1 January 2024	120,334	(1,309)	5,206	2,116	22,200	148,547	25,634	174,181
	-	-	-	-	-	-	-	-
Dividend paid (note 18)	-	-	-	-	(3,566)	(3,566)	-	(3,566)
	-	-	-	-	-	-	-	-
Bonus shares issued as dividend (note 18)	2,407	(29)	-	-	(2,378)	-	-	-
	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	(8,524)	(8,524)	58	(8,466)
	-	-	-	-	-	-	-	-
Unrealised fair value loss on investments (17 b)	-	-	-	(358)	-	(358)	-	(358)
	-	-	-	-	-	-	-	-
Transfer to statutory reserve (note 17 a)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
As at 31 December 2024	122,741	(1,338)	5,206	1,758	7,732	136,099	25,692	161,791

Equity attributable to Parent's shareholders								
	Reserves							
	Share capital	Treasury shares	Statutory reserve	Fair value through equity reserve	Retained earnings	Total equity	Non-controlling interests	Total owners' equity
At 1 January 2023	120,334	(1,309)	4,743	2,039	18,029	143,836	25,422	169,258
	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	4,634	4,634	212	4,846
	-	-	-	-	-	-	-	-
Transfer of fair value upon sale (16 b)	-	-	-	(62)	-	(62)	-	(62)
	-	-	-	-	-	-	-	-
Unrealised fair value gain on investments (16 b)	-	-	-	139	-	139	-	139
	-	-	-	-	-	-	-	-
Transfer to statutory reserve (note 16 a)	-	-	463	-	(463)	-	-	-
	-	-	-	-	-	-	-	-
As at 31 December 2023	120,334	(1,309)	5,206	2,116	22,200	148,547	25,634	174,181

	Note	2024	2023
OPERATING ACTIVITIES			
Net (loss) / profit for the year		(8,466)	4,846
Adjustments for:			
Depreciation	10	779	695
Net charge of provision for expected credit loss	5 & 6	299	727
Realised gain on sale of investment	21	-	(3,203)
Net reversal in provision for case compensation		-	(1,593)
Share of net loss / (gain) from investments in joint ventures and associates	8	370	(623)
Profit expense on murabaha		-	145
Net ijarah cost	26	123	116
Loss on sale of investments in real estate	20	109	130
		(6,786)	1,240
Net changes in operating assets and liabilities:			
Short-term deposits			
(with an original maturity of more than 90 days)		2,738	2,912
Accounts receivable		9,675	(4,926)
Other assets		(946)	(2,392)
Other liabilities and accounts payable		(5,944)	3,079
Ijarah payments	14	(131)	(131)
Net cash used in operating activities		(1,394)	(218)
INVESTING ACTIVITIES			
Proceeds from sale of investment		-	8,238
Proceeds from sale of investments in real estate		1,140	1,311
Distributions received from a joint ventures and associates	8	652	1,318
Purchase of investment in a joint ventures and associates	8	-	(875)
Additional capitalisation of investments in real estate	9	-	(2,847)
Purchase of property, plant and equipment	10	(70)	(79)
Proceeds from capital reduction for investments		-	240
Purchase of investments		(1,304)	(60)
Cash (used in) / from investing activities		418	7,246
FINANCING ACTIVITIES			
Dividend paid	16	(3,566)	-
Settlement of commodity murabaha financing		-	(3,912)
Profit paid on murabaha financing		-	(145)
Net cash used in financing activities		(3,566)	(4,057)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(4,542)	2,971
Cash and cash equivalents at the beginning of the year		10,262	7,291
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	5,720	10,262
Non cash transactions comprise:			
Changes in unrealised (loss) / gain in investment fair value reserve	16	(358)	139
Transfer from property, plant and equipments to investment in real estate	9 & 10	(3,308)	-
Investment in a joint venture against payable	8	-	2,862

1. CORPORATE INFORMATION AND ACTIVITIES

a) Incorporation

Inovest B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain (Bahrain) on 18 June 2002 and operates under Commercial Registration (CR) number 48848. The Company commenced operations on 1 October 2002. Under the terms of its Memorandum and Articles of Association, the duration of the Company is 50 years, renewable for further similar periods unless terminated earlier by law or as stated in the Memorandum and Articles of Association. The address of the Company's registered office is 35th floor, East Tower, Bahrain Financial Harbour, Manama, Kingdom of Bahrain.

The Company is listed on the Bahrain Bourse and cross-listed on the Kuwait Stock Exchange.

The Company operates under an Investment Business Firm License – Category 1 (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under the Islamic Shari'a principles, and is supervised and regulated by the CBB.

b) Activities

The principal activities of the Company together with its subsidiaries (the "Group") include:

- Engaging directly in all types of investments, including direct investment and securities, and various types of investment funds;
- Establishing and managing various investment funds;
- Dealing in financial instruments in the local, regional and international markets;
- Providing information and studies related to different types of investments for others;
- Providing financial services and investment consultations to others;
- Establishing joint ventures with real estate, industrial and services companies inside or outside the Kingdom of Bahrain;
- Engaging in contracting activities;
- Engaging in the management of commercial and industrial centers and residential buildings, property leasing, development and their maintenance; and
- Having interest in or participating in any way with companies and other entities engaged in similar activities that may work and co-operate to achieve the Group's objectives inside and outside the Kingdom of Bahrain, and also merge its activities with the above mentioned entities and/or buy or join with them.

Although the Company has an Investment Business Firm License – Category 1 (Islamic Principles) issued by the CBB in September 2008, it continues to hold real estate assets and related revenues and costs in its consolidated financial statements. These assets existed prior to obtaining the license from the CBB. The Company has transferred its entire real estate assets and the related revenues and costs to its fully owned subsidiary, Al Khaleej Development Co. W.L.L.(Tameer), which primarily carries out real estate and construction related activities. Since Al Khaleej Development Co. W.L.L.(Tameer) is fully owned by the Company, the real estate assets and revenues and costs continue to appear in the consolidated financial statements of the Group for the year ended 31 December 2024. The respective notes in these consolidated financial statements reflect the Group's transactions arising from holding of real estate assets and their corresponding liabilities and revenues and costs arising therefrom.

The number of staff employed by the Group as at 31 December 2024 was 216 employees (31 December 2023: 543 employees).

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors dated 23 February 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

Inovest B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain (Bahrain) on 18 June 2002 and operates under Commercial Registration (CR) number 48848. The Company commenced operations on 1 October 2002. Under the terms of its Memorandum and Articles of Association, the duration of the Company is 50 years, renewable for further similar periods unless terminated earlier by law or as stated in the Memorandum and Articles of Association. The address of the Company's registered office is 35th floor, East Tower, Bahrain Financial Harbour, Manama, Kingdom of Bahrain.

2. BASIS OF PREPARATION (continued)

The Company is listed on the Bahrain Bourse and cross-listed on the Kuwait Stock Exchange.

The Company operates under an Investment Business Firm License – Category 1 (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under the Islamic Shari'a principles, and is supervised and regulated by the CBB.

2.2 Accounting convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment in joint ventures and associates which are equity accounted, equity-type instruments at fair value through other comprehensive income ("FVTOCI") and investment in real estate that have been measured at fair value. The consolidated financial statements are presented in United States Dollars ("US Dollars") being the reporting currency of the Group. All values are rounded to the nearest US Dollar thousands unless otherwise indicated. However, the functional currency of the Company is Bahraini Dinars ("BD").

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses are eliminated in full on consolidation.

Subsidiary is fully consolidated from the date control is transferred to the Company and continues to be consolidated until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Group's owners' equity. In the consolidated statement of income, non-controlling interest is included in net profit, and shown separately from that of the shareholders.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in owners' equity since the date of combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest in a subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Transactions with non-controlling interests are handled in the same way as transactions with external parties. Sale of participations to non-controlling interests result in a gain or loss that is recognised in the consolidated statement of income. Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

The following are the principal subsidiaries of the Company, which are consolidated in these consolidated financial statements:

	"Ownership 2024"	"Ownership 2023"	Country of incorporation	Year of incorporation	Activity
Held directly by the Company					
Al Khaleej Development Co. W.L.L.(Tameer)	100.00%	100.00%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties
Inoventures Company W.L.L.	100.00%	100.00%	Kingdom of Bahrain	2023	Selling and buying shares and securities for company's account only.

The following are the subsidiaries held indirectly through Al Khaleej Development Co. W.L.L.(Tameer):

2. BASIS OF PREPARATION (continued)

Name of the subsidiary	"Ownership 2024"	"Ownership 2023"	Country of incorporation	Year of incorporation	Activity
Held indirectly by the Company					
Bahrain Investment Wharf W.L.L.	100.00%	100.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centers, residential buildings and property.
Tamcon Contracting Co. W.L.L.	100.00%	100.00%	Kingdom of Bahrain	2007	Contracting activities and real estate activities with own or leased property
Dannat Resort Development Company Limited	67.57%	67.57%	Cayman Islands	2008	Managing and Development of Real Estate Projects.
Tamcon Trading W.L.L.	100.00%	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.
Panora Interiors W.L.L.	100.00%	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labour Accommodation Co W.L.L.	60.21%	60.21%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

2.4 New standards, amendments and interpretations issued but not yet effective

FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions

This standard sets out the principles for the presentation and disclosure for the financial statements of Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholder as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted.

The above accounting standard has no impact on the consolidated financial statements of the Group as the standard relates specifically to Takaful institutions.

FAS 43 Accounting for Takaful: Recognition and Measurement

This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. The requirements of this standard are duly aligned with the international best practices of financial reporting for the insurance business. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted.

The above accounting standard has no impact on the consolidated financial statements of the Group as the standard relates specifically to Takaful institutions.

FAS 45 Quasi - Equity (Including Investment Accounts)

AAOIFI issued FAS 45 "Quasi - Equity (Including Investment Accounts)" in 2023. The objective of this standard is to establish

the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic financial institutions. Quasi - Equity is an element of financial statements of an institution in

2. BASIS OF PREPARATION (continued)

line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted.

The Group's management is currently assessing the impact of the above standard on the consolidated financial statements of the Group.

FAS 46 Off - Balance - Sheet Assets Under Management

AAOIFI issued FAS 46 "Off - Balance - Sheet Assets Under Management" in 2023. The objective of this standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted.

The Group's management is currently assessing the impact of the above standard on the consolidated financial statements of the Group.

FAS 47 Transfer of Assets between Investment Pools

AAOIFI issued FAS 47 "Transfer of Assets between Investment Pools" in 2023. The objective of this standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic financial institution. This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted.

The Group's management is currently assessing the impact of the above standard on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following FASs as explained below.

3.1 New standards, interpretations and amendments

The Group has adopted the following FASs which are effective as of 1 January 2024 :

FAS 1 "General Presentation and Disclosures in the Financial Statements"

This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting, and has resulted in enhancements to the overall presentation and disclosures in the financial statements. The Group has adopted FAS 1 from the effective date of 1 January 2024 and has presented single combined consolidated statement of income and other comprehensive and the disclosure of interim consolidated statement of sources and use of charity fund has been relocated to the notes. Further the Group has included the related applicable disclosures in these consolidated financial statements.

Some of the significant revisions to the standard are as follows:

- a) Revised conceptual framework is now integral part of the FAS issued by AAOIFI;
- b) Definition of Quasi-equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- e) Institutions other than banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting; and
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar Islamic Financial Institutions "IFI's" and third part prescribes the authoritative status, effective date and amendments to other FAS issued by AAOIFI.

Adoption of the above standard has mainly changed the presentation of the consolidated financial statements of the Group and the same has been prepared keeping in view such revised requirements so far as they are applicable to the consolidated financial statements under FAS 41.

This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as applicable.

FAS 40 "Financial Reporting for Islamic Finance Windows"

The standard improves upon and supersedes FAS 18 "Islamic Financial Services offered by Conventional Financial Institutions" and defines the financial reporting requirements applicable to conventional financial institutions offering financial services.

The adoption of the above accounting standard did not have a material impact on the consolidated financial statements.

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

a. Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise cash in hand, bank balances and short term deposits with an original maturity of three months or less.

b. Accounts receivable

Accounts receivables are financial assets with fixed or determinable payment that are not quoted in active market. After initial measurement, such financial assets are subsequently measured at amortised cost, less impairment. The losses arising from impairment are recognised in the consolidated statement of income as provision for expected credit losses.

c. Investments

Investments comprise equity-type instruments at fair value through equity, investments in real estate and investments in a joint ventures and associates.

Equity-type instrument at fair value through other comprehensive income

This includes all equity-type instruments that are not fair valued through consolidated statement of income. Subsequent to acquisition, investments designated at fair value through equity are re-measured at fair value with unrealised gains or losses recognised in other comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in owners' equity is recognised in consolidated statement of income.

Non-monetary debt type instrument at fair value through other comprehensive income

This includes all non-monetary debt type instruments that are not fair valued through consolidated statement of income. Subsequent to acquisition, investments designated at fair value through equity are re-measured at fair value with unrealised gains or losses recognised in comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in owners' equity is recognised in consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investment in real estate are re-measured at fair value and changes in fair value (only gains) are recognised through the consolidated statement of other comprehensive income.

Losses arising from changes in the fair values of investment in real estate are recognised in the consolidated statement of income. When the property is disposed of, the gains or losses arising on disposal is taken to the consolidated statement of income.

Investment in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint ventures.

Under the equity method, investment in a joint ventures and associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the joint ventures and associates. The consolidated statement of income reflects the Group's share of the results of operations of the joint ventures and associates. Where there has been a change recognised directly in the equity of the joint ventures and associates, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint ventures and associates are eliminated to the extent of the interest in the joint ventures and associates.

The reporting dates of the joint ventures and associates and the Group are identical and the joint ventures and associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in joint ventures and associates. The Group determines at each reporting date whether there is any objective evidence that investment in a joint venture or associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the joint venture and associates and its carrying value and recognises the impairment in the consolidated statement of income.

d. Fair values

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

- (i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the consolidated statement of financial position date.
- (ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.
- (iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- (iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.

e. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on premises and equipment is provided on a straight-line basis over the following estimated useful lives:

Building on leasehold land	25 years
Machinery, equipment, furniture and fixtures	3-5 years
Computer hardware and software	3 years
Motor vehicles	3 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Other liabilities and accounts payable

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

g. Financing from a bank

Financing from a bank is recognised initially at the proceeds received, net of transaction cost incurred. Subsequently, these are carried at amortised cost.

h. Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from the equity of the parent and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in the equity of the parent. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of own equity instruments.

i. Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

j. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and reliably measurable. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

k. Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment for financial assets.

l. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

m. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Income from investments in real estate

Rental income arising from operating leases on investment in real estate is accounted for on a straight-line basis over the lease terms and is included under revenue in the consolidated statement of income due to its operating nature.

(ii) Fee from management and other services

Fee from management and other services and project management fees are recognised based on the stage of completion of the service at the consolidated statement of financial position date by reference to the contractual terms agreed between the parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Income from investments

Income from investments is recognised when earned.

(iv) Income from construction contracts

Contract income is recognised under the percentage of completion method.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of physical completion of the contract. Contract income and costs are recognised as income and expenses in the consolidated statement of income in the accounting year in which the work is performed. The contract income is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of income, expenses and profit which can be attributed to the proportion of work completed. Profits expected to be realised on construction contracts are based on estimates of total income and cost at completion.

When the outcome of a construction contract cannot be estimated reliably, the contract income is recognised to the extent of contract costs incurred up to the year end where it is probable those costs will be recoverable. Contract costs are recognised when incurred. The excess of progress billings over contract costs is classified under trade and other payables as due to customers for construction contracts.

Losses on contracts are assessed on an individual contract basis and if estimates of costs to complete the construction contracts indicate losses, provision is made for the full losses anticipated in the period in which they are first identified.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognised profit or loss exceeds the progress billings, the balance is shown under trade and other receivables as due from customers for construction contracts.

n. Shari'a Supervisory Board

The Group's business activities are subject to the supervision of a Shari'a Supervisory Board who are appointed by the general assembly.

o. Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for various social welfare activities.

p. Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into United States Dollars at functional currency rates of exchange prevailing at the consolidated statement of financial position date. Any gains or losses are recognised in the consolidated statement of income.

q. Employees' end of service benefits

Bahraini employees are covered by the Social Insurance Organisation scheme which comprises a defined contribution scheme to which the Group contributes a monthly sum based on a fixed percentage of the salary. The contribution is recognised as an expense in the consolidated statement of income.

The Group provides end of service benefits to its non-Bahraini employees. Entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits which comprise a defined benefit scheme are accrued over the period of employment based on the notional amount payable if all employees had left at the statement of financial position date.

r. Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognised for financial instruments that are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors. An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

In the case of equity-type instruments at FVTE, impairment is reflected directly as write down of the financial asset. Impairment losses on equity-type instruments at fair value through equity are not reversed through the consolidated statement of income, while any subsequent increase in their fair value are recognised directly in owners' equity.

s. Events after the consolidated statement of financial position date

The consolidated financial statements are adjusted to reflect events that occurred between the consolidated statement of financial position date and the date the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed as of the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment to the consolidated financial statements.

t. Zakah

Individual shareholders are responsible for payment of Zakah.

u. Lease rent payables

The lease rent payables is carried at the actual cost of the lease payable to the MOIC, in accordance with Shari'a principles.

v. Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Classification of investments

Management decides on acquisition of an investment, whether it should be classified as amortised cost, fair value through equity, or fair value through income statement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair valuation of investments

The determination of fair values of unquoted investments including investments in real estate requires management to make estimates and assumptions that may affect the reported amount of assets at the date of consolidated financial statements.

Nonetheless, the actual amount that is realised in a future transaction may differ from the current estimate of fair value and may still be outside management estimates, given the inherent uncertainty surrounding valuation of unquoted investments. Impairment of investments at fair value through equity

Impairment of investments at fair value through equity

The Group treats investments carried at fair value through equity as impaired when there is a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group evaluates factors, such as the historical share price volatility for comparable quoted equities and future cash flows and the discount factors for comparable unquoted equities.

Special purpose entities

The Group sponsors the formation of special purpose entities ("SPE") primarily for the purpose of allowing clients to hold investments. The Group provides corporate administration, investment management and advisory services to these SPEs, which involve the Group making decisions on behalf of such entities. The Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The Group does not consolidate SPEs that it does not have the power to control. In determining whether the Group has the power to control an SPE, judgments are made about the objectives of the SPE's activities, its exposure to the risks and rewards, as well as about the Group intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

Impairment and uncollectibility of financial assets

The Group uses a provision matrix to calculate expected credit losses ("ECL") for its receivables, estimated based on historical credit loss experience based on the past due status of the customer, adjusted as appropriate to reflect current conditions and future economic conditions.

The provision matrix is initially based on the Group's historical observed loss rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if the forecast macro-economic variables are expected to deteriorate over the forecast period, the historical loss rates will be adjusted upwards to reflect the expected economic conditions. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking information are analysed.

The incorporation of forward-looking information increases the level of judgement as to how changes in macro-economic variables will affect the ECL. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

Liquidity

The Group manages its liquidity through consideration of the maturity profile of its assets and liabilities which is set out in the liquidity risk disclosures in these consolidated financial statements. This requires judgement when determining the maturity of assets and liabilities with no specific maturities.

5. CASH AND BANK BALANCES

	2024	2023
Short-term deposits (with an original maturity of 90 days or less)	2,274	6,631
Current account balances with banks	3,437	3,622
Cash in hand	9	9
Total cash and cash equivalents	5,720	10,262
Short-term deposits (with an original maturity of more than 90 days)	5,010	7,748
Less: Provision for expected credit loss	(72)	(50)
Total cash and bank balances	10,658	17,960
Movements in the provision for expected credit loss:		

5. CASH AND BANK BALANCES (continued)

	2024	2023
At 1 January	50	132
Charge / (Reversal) during the year	22	(82)
As at 31 December 2024	72	50

6. ACCOUNTS RECEIVABLE

	2024	2023
Amounts due from related parties (note 28)	13,354	12,985
Trade receivables	5,743	6,032
Rent receivable	1,420	1,488
Work in progress and other receivables	18,377	28,080
	38,894	48,585
Less: provision for expected credit losses	(23,961)	(23,700)
	14,933	24,885

Amounts due from related parties are unsecured, bear no profit, have no fixed repayment terms and are authorised by the Group's management.

The movement in the Group's provision for expected credit losses is as follows:

	2024	2023
At 1 January	23,700	23,161
Write offs during the year	(16)	(270)
Charge during the year	277	809
As at 31 December 2024	23,961	23,700

7. INVESTMENTS

	2024	2023
Investments in equity-type instruments - real estate*	7,302	7,660
Investments in non-monetary debt type instruments	3,294	1,990
	10,596	9,650

*Investment in equity-type instruments - real estate include investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies located in the Gulf Co-operation Council (GCC) countries. The investments are carried at fair value through other comprehensive income as disclosed in note 3c of the consolidated financial statements.

8. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	2024	2023
At 1 January	96,950	93,908
Acquisitions during the year	-	3,737
Share of net (loss) / gain	(370)	378
Gain on bargain purchase	-	245
Distributions during the year	(652)	(1,318)
As at 31 December 2024	95,928	96,950

The Group has an investment in the following joint ventures:

Name	Principal activities	Ownership		Country of incorporation	Carrying value	
		2024	2023		2024	2023
"First Gulf Real Estate Company W.L.L. (Investment acquired as a result of consolidation of Dannat Resort Development Company Ltd)"	Purchase of land and construct buildings thereon for investments through sale or lease, manage and maintain real estates	55.56%	55.56%	Kingdom of Saudi Arabia	39,919	40,000
Advance Project Group Holding W.L.L.	Manufacturing company for producing wood-plastic composites	45.00%	45.00%	State of Kuwait	3,613	3,518
Alghanim International Bahrain - Tamcon Contracting Co. JV	Construction	49.00%	49.00%	Kingdom of Bahrain	2,759	2,862
					46,291	46,380

8. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Summarised financial information of associates, are presented below:

	2024	2023
Total assets	78,200	89,151
Total liabilities	16,513	27,337
Total net profit	1,104	1,617

The joint ventures had contingent liabilities or capital commitments to extend guarantees US\$ 7,729 thousands as at 31 December 2024 (31 December 2023: US\$ 7,729 thousands).

The principal associates of the Group are:

Name	Principal activities	Ownership		Country of incorporation	Carrying value	
		2024	2023		2024	2023
Danat Albahrain Real Estate Development Co. W.L.L.	Development and sale of commercial and residential properties	47.70%	47.70%	Cayman Islands	43,360	43,891
Takhzeen Warehousing and Storage Company B.S.C. (c)	Management and maintenance of warehouses	37.24%	37.24%	Kingdom of Bahrain	3,497	3,897
Boyot Al Mohandseen Contracting Company	Development of real estate in Dhahran, Kingdom of Saudi Arabia	23.17%	23.17%	Kingdom of Saudi Arabia	2,780	2,782
					49,637	50,570

8. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Summarised financial information of associates, are presented below:

	2024	2023
Total assets	122,652	124,676
Total liabilities	9,375	9,316
Total net (loss) / profit	174	(822)

The associates had no contingent liabilities or capital commitments as at 31 December 2024 and 31 December 2023.

9. INVESTMENTS IN REAL ESTATE

	2024	2023
At 1 January	83,451	82,045
Additions / transfer during the year	3,308	2,847
Disposals during the year	(1,249)	(1,441)
As at 31 December 2024	85,510	83,451

Investments in real estate are stated at fair value which has been determined based on valuations performed by accredited independent property valuers. The valuations undertaken were based on open market values, which represent the prices at which the properties could be exchanged between knowledgeable willing buyers and knowledgeable willing sellers in an arm's length transaction.

Investments in real estate based on valuations performed by external property valuers amounted to US\$ 99.23 million (31 December 2023: US\$ 104.49 million). However, due to the illiquid nature of the real estate market and slowdown within the economic environment, the Group's management believes the carrying value of investments in real estate approximates its fair value.

10. PROPERTY, PLANT AND EQUIPMENT

	Capital WIP	Buildings on leasehold land	Machinery, equipment furniture and fixtures	Computer hardware and software	Motor vehicles	Total
Cost						
At 1 January 2024	1,726	10,124	12,827	1,751	2,322	28,750
Additions	-	-	28	42	-	70
Transfer to Investment in real estate	-	(5,928)	-	-	-	(5,928)
As at 31 December 2024	1,726	4,196	12,855	1,793	2,322	22,892
Accumulated depreciation						
At 1 January 2024	-	3,447	10,417	1,663	2,104	17,631
Additions	-	180	459	58	82	779
Transfer to Investment in real estate	-	(2,620)	-	-	-	(2,620)
As at 31 December 2024	-	1,007	10,876	1,721	2,186	15,790
Net book amount: As at 31 December 2024	1,726	3,189	1,979	72	136	7,102

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Capital WIP	Buildings on leasehold land	Machinery, equipment furniture and fixtures	Computer hardware and software	Motor vehicles	Total
Cost						
At 1 January 2024	1,726	10,122	12,780	1,737	2,312	28,677
Additions	-	2	53	14	10	79
Transfer to Investment in real estate						
	-	-	(6)	-	-	(6)
As at 31 December 2024	1,726	10,124	12,827	1,751	2,322	28,750
Accumulated depreciation						
At 1 January 2024	-	3,265	10,046	1,610	2,021	16,942
Additions	-	182	377	53	83	695
Transfer to Investment in real estate	-	-	(6)	-	-	(6)
As at 31 December 2024	-	3,447	10,417	1,663	2,104	17,631
Net book amount: As at 31 December 2024	1,726	6,677	2,410	88	218	11,119

Depreciation on property, plant and equipment charged to the consolidated statement of income is as follows:

	2024	2023
Depreciation charged to contract costs (note 19)	415	383
Depreciation charged to expenses	364	312
	779	695

11. OTHER ASSETS

	2024	2023
Advances to contractors	2,194	1,250
Prepayments	253	251
	2,447	1,501

12. RIGHT OF USE ASSET

	2024	2023
Cost		
At 1 January	328	328
Additions	313	-
	641	328

12. RIGHT OF USE ASSET

	2024	2023
Accumulated amortisation		
At 1 January	282	173
Charge for the year (note 26)	106	109
	388	282
Net book value at 31 December	253	46

13. OTHER LIABILITIES AND ACCOUNTS PAYABLE

	2024	2023
Payable to the Government of Bahrain (note 13.1)	50,105	50,105
Accruals and other payables	4,427	7,743
Advances from construction clients	698	2,034
Trade payables	5,098	7,024
Retentions payable	1,464	1,268
Amounts due to related parties (note 13.2 and 28)	3,602	3,164
	65,394	71,338

Note 13.1

The Group entered into a long term lease contract with the Ministry of Industry and Commerce ("MOIC") in December 2005, effective from May 2006, for a period of 50 years.

In accordance with the terms of the agreement with the MOIC, from the date of signing the agreement, no lease rent is payable for the first two years of the lease period, from 2006 to 2007. Lease rent payable, for the lease period (from 2008-2025), was deferred due to the cost incurred by the Group on the reclamation of the leasehold land. Thereafter, the Group is required to pay lease rental over thirty years (from 2026 to 2056).

Note 13.2

Amounts due to related parties are unsecured, bear no profit, have no fixed repayment terms and are authorised by the Group's management.

14. IJARAH LIABILITY

	2024	2023
As at 1 January	43	167
Additions	313	-
Amortisation of deferred ijarah cost (note 26)	17	7
Payments	(131)	(131)
As at 31 December 2024	242	43
Within one year	131	43
After one year but not more than five years	111	-
Total	242	43

15. SHARE CAPITAL

	2024	2023
Authorised		
375,000,000 (31 December 2023: 375,000,000)		
ordinary shares of US\$ 0.40 each	150,000	150,000
Issued and fully paid-up		
Opening balance		
306,853,523 (31 December 2023: 300,836,787)		
ordinary shares of US\$ 0.40 each	122,741	120,334
Treasury shares		
Less: 3,748,500 (31 December 2023: 3,675,000) treasury shares	(1,338)	(1,309)
Closing balance		
303,105,022 (31 December 2023: 297,161,787) ordinary shares	121,403	119,025

Additional information on shareholding pattern

Names and nationalities of the major shareholders and the number of shares they hold, without considering the treasury shares, are disclosed below (where their shareholding amounts to more than 5% or more of outstanding shares):

At 31 December 2024

Name	Incorporation	Number of shares	% holding
Gulf Investment House	State of Kuwait	21,340,000	6.95%
Sanad Company for buying and selling shares and bonds	State of Kuwait	27,088,879	8.83%
Others	Various	258,424,644	84.22%
		306,853,523	100%

At 31 December 2023

Name	Incorporation	Number of shares	% holding
Gulf Investment House	State of Kuwait	75,957,128	25.25%
Sanad Company for buying and selling shares and bonds	State of Kuwait	27,088,879	9.00%
Dubai Islamic Bank	United Arab Emirates	15,043,309	5.00%
Others	Various	182,747,471	60.75%
		300,836,787	100%

The Company has only one class of equity shares and the holders of these shares have equal voting rights. Further, all the shares issued are fully paid.

15. SHARE CAPITAL

Distribution schedule of shares, setting out the number and percentage of holders is disclosed below:

At 31 December 2024

Categories:	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	85,706,071	822	27.93%
1% up to less than 5%	113,134,698	14	36.87%
5% up to less than 10%	76,252,736	3	24.85%
*10% up to less than 50%	31,760,018	1	10.35%
	306,853,523	840	100%

*The shareholding represents shares held by a trading company on behalf of investors, which on an individual basis is not more than 10%.

At 31 December 2023

Categories:	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	55,413,099	672	18.42%
1% up to less than 5%	127,334,372	14	42.33%
5% up to less than 10%	42,132,188	2	14.00%
*10% up to less than 50%	75,957,128	1	25.25%
	300,836,787	689	100%

Details of shares owned by the directors of the Group are as follows:

Categories:	2024 % of total outstanding shares	2024 Number of shares	2023 % of total outstanding shares	2023 Number of shares
31 December 2023				
Abdulaziz Assad Alsanad	0.00%	-	1.83%	5,508,188
Dr. Abdulaziz Fahad Dakheel	0.00%	-	0.20%	600,000
		-		6,108,188

16. RESERVES

a. Statutory reserve

In accordance with the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the net profit for the year is required to be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of paid up share capital. The reserve is not available for distribution, except in circumstances as stipulated in the Bahrain Commercial Companies Law and following the approval of the Central Bank of Bahrain. Transfer to the statutory reserve of US\$ nil has been made for the year ended 31 December 2024 due to loss (31 December 2023: US\$ 463 thousand).

b. Fair value through equity reserve

Unrealised gains and losses resulting from investments carried at fair value through other comprehensive income, if not determined to be impaired is recorded in the fair value reserve and is not available for distribution. Upon disposal of related assets, the related cumulative gains or losses are transferred to retained earnings and become available for distribution. Included in fair value reserve is an unrealised loss on investments for the year ended 31 December 2024 amounting to US\$ 358 thousand (31 December 2023: unrealised gain of US\$ 139 thousand) and transfer of fair value upon sale for the year ended 31 December 2024 amounting to US\$ nil (31 December 2023: US\$ 62 thousand).

17. TREASURY SHARES

Treasury shares represent 3,748,500 (31 December 2023: 3,675,000) shares amounting to US\$ 1,338,000 (31 December 2023: US\$ 1,308,680) representing 1.10% (31 December 2023: 1.22%) of the issued share capital, held by the Group.

18. DIVIDENDS APPROVED AND PAID

Following the shareholders' approval at the Annual General Meeting held on 20 March 2024, a cash dividend of US\$ 1.2 cents per share amounting to US\$ 3,566 thousand (excluding treasury shares) was paid and bonus shares equivalent to 1 share for every 50 shares held amounting to US\$ 2,378 thousand was issued during the year ended 31 December 2024 relating to the year ended 31 December 2023 (31 December 2023: Nil).

19. NET (LOSS) / INCOME FROM CONSTRUCTION CONTRACTS

	2024	2023
Contract income	1,428	18,926
Contract costs	(8,740)	(18,720)
	(7,312)	206

20. INCOME FROM INVESTMENT IN REAL ESTATE

	2024	2023
Rental income	3,501	4,306
Realised loss on sale of investment in real estate	(109)	(130)
	3,392	4,176

21. INCOME FROM INVESTMENTS

	2024	2023
Realised gain on sale of investment	-	3,203
Dividend income	159	124
	159	3,327

22. FEE FOR MANAGEMENT AND OTHER SERVICES

Fee from management and other services mainly represent fees earned by the Group with respect to project structuring for related parties.

	2024	2023
Property and facility management income	1,421	2,409
Financial advisory service charges	80	80
Other management services	223	223
	1,724	2,712

23. OTHER INCOME

	2024	2023
Profit on short-term deposits	402	499
Electricity and water services	342	480
Income from leasing equipment and others	1,529	367
	2,273	1,346

24. STAFF COSTS

	2024	2023
Salaries and benefits	2,649	3,215
Other staff expenses	841	521
	3,490	3,736

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Legal and professional fees	777	484
Rent, rates and taxes	304	345
Board member expenses	337	332
Regulatory fees	197	204
IT related expenses	143	220
Advertising and marketing	65	75
Directors professional liability insurance	20	55
Travelling and transportation	63	97
Other expenses	339	376
	2,245	2,188

26. NET IJARAH COST

	2024	2023
Amortisation of right of use asset (note 12)	106	109
Amortisation of deferred ijarah cost (note 14)	17	7
	123	116

27. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing net income for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year as follows:

	2024	2023
Income attributable to the equity shareholders of the Parent for the year	(8,524)	4,634
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	303,105	303,105
Earnings per share - US\$ cents	(2.81)	1.53

The Company does not have any potentially dilutive ordinary shares, hence the diluted earnings per share and basic earnings per share are identical.

28. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, key management personnel, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group and Shari'a Supervisory Board members and external auditors.

Terms and conditions of transactions with related parties

The Group enters into transactions, arrangements and agreements with its related parties in the ordinary course of business at terms and conditions approved by the Board of Directors. The transactions and balances arose from the ordinary course of business of the Group. Outstanding balances at the year end are unsecured.

	31 December 2024					31 December 2023				
	Associates and joint ventures	Key management /personnel external auditors	Board members	Other related parties	Total	Associates and joint venture	Key management personnel/ Board members/ external auditors	Board members	Other related parties	Total
Accounts receivable - gross	10,310	-	-	3,044	13,354	10,149	-	-	2,836	12,985
Provision	(2,998)	-	-	(2,166)	(5,164)	(2,998)	-	-	(2,409)	(5,407)
Accounts receivable - net	7,312	-	-	878	8,190	7,151	-	-	427	7,578
Investment in joint ventures and associates	95,928	-	-	-	95,928	96,950	-	-	-	96,950
Other liabilities and accounts payable	3,403	27	159	13	3,602	2,966	27	159	12	3,164

The related party transactions included in the consolidated financial statements are as follows:

28. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	31 December 2024					31 December 2023				
	Associates and joint ventures	Key management /personnel external auditors	Board members	Other related parties	Total	Associates and joint venture	Key management personnel/ Board members/ external auditors	Board members	Other related parties	Total
Income										
Fee from management	204	-	-	-	204	207	-	-	-	207
Net share of (loss) / gain from investment in a joint ventures and associates	(370)	-	-	-	(370)	623	-	-	-	623
	(166)	-	-	-	(166)	830	-	-	-	830
Expenses										
Staff costs	-	1,338	-	-	1,338	-	1,604	-	-	1,604
General and administrative	10	96	337	204	647	10	105	332	198	645
	10	1,434	337	204	1,985	10	1,709	332	198	2,249

Compensation of the key management personnel is as follows:

	2024	2023
Salaries and other benefits	1,338	1,646

29. SOURCES AND APPLICATION OF CHARITY

	2024	2023
Sources of charity funds		
Balance at 1 January	21	21
Contributions for charitable purposes	-	-
Total sources of charity funds available	21	21
Uses of charity funds		
	-	-
Undistributed charity funds at end of the period	21	21

30. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. For management purposes, the Group is organised into three major business segments.

The accounting policies of the segments are the same as those applied in the preparation of the Group's consolidated financial statements as set out in note 3 to the consolidated financial statements. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment information is disclosed as follows:

	31 December 2024				
	Investment and related services	Construction Contracts	Development and sale of industrial plots	Eliminations	Total
Net revenues from external customers	735	(7,312)	989	-	(5,588)
Inter-segment transactions	(286)	22	616	(352)	-
Income from investments	2,118	-	1,433	-	3,551
Net share of gain / (loss) from investment in joint ventures and associates (note 8)	(267)	(103)	-	-	(370)
Other income	163	1,665	445	-	2,273
Total revenue	2,463	(5,728)	3,483	(352)	(134)
Staff costs	2,072	1,035	383	-	3,490
General and administrative expenses	1,819	512	133	(219)	2,245
Property related expenses	1,920	-	287	(396)	1,811
Others	218	327	2	(60)	487
Total operating expense	6,029	1,874	805	(675)	8,033
Provisions reversal / (charge)	34	(20)	(313)	-	(299)
Segment (loss) / profit	(3,532)	(7,622)	2,365	323	(8,466)
Segment assets	430,069	30,175	98,297	(331,114)	227,427
Segment liabilities	137,800	12,936	50,497	(135,597)	65,636

	31 December 2023				
	Investment and related services	Construction Contracts	Development and sale of industrial plots	Eliminations	Total
Net revenues from external customers	730	206	1,982	-	2,917
Inter-segment transactions	(80)	121	646	(687)	-
Income from investments	6,437	-	1,313	-	7,750
Net share of gain / (loss) from investment in joint ventures and associates (note 8)	(98)	476	-	-	378
Other income	33	669	643	-	1,345
Total revenue	7,022	1,472	4,583	(687)	12,390
Staff costs	2,137	1,212	387	-	3,736
General and administrative expenses	1,671	580	154	(218)	2,188
Property related expenses	2,096	-	246	(428)	1,913
Others	346	281	8	(61)	573
Total operating expense	6,249	2,072	795	(707)	8,410
Provisions reversal / (charge)	(91)	(470)	(166)	-	(727)
Net movement in provision for case compensation	-	1,593	-	-	1,593
Segment (loss) / profit	681	522	3,622	20	4,846
Segment assets	390,857	43,103	155,165	(343,563)	245,562
Segment liabilities	136,156	18,241	53,293	(136,309)	71,381

31. CONTINGENCIES AND COMMITMENTS

Credit-related commitments include commitments to extend guarantees and acceptances which are designed to meet the requirements of the Group's customers. Guarantees and acceptances commit the Group to make payments to third parties on behalf of customers in certain circumstances.

The Group has the following credit related commitments:

	2024	2023
Guarantees	4,307	6,739
Guarantees relating to a joint venture	7,729	7,729
	12,036	14,468

32. FIDUCIARY ASSETS

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the consolidated statement of financial position. At 31 December 2024, the carrying value of such assets is US\$ 73.19 million (31 December 2023: US\$ 73.52 million). The share of assets relating to non-controlling shareholders within the subsidiaries consolidated in the financial statements amounted to US\$ 27.10 million (31 December 2023: US\$ 27.09 million).

33. RISK MANAGEMENT

Risk is defined as the combination of severity and frequency of potential loss over a given time horizon and is inherent in the Group's activities. Risk can be expressed in the dimensions of potential severity of loss (magnitude of impact) and potential loss frequency (likelihood of occurrence). Risk management is the process by which the Group identifies key risks, sets consistent understandable risk measures, chooses which risks to reduce, which to increase and by what means, and establishes procedures to monitor the resulting risk position. Risk management is the discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that optimum value is created for the shareholders through an optimum return on equity by an appropriate trade-off between risk and return.

Effective risk management is the cornerstone of capital structure. The vision of risk management is to address all aspects of risk which the Group may be exposed to. The Group's risk function is independent of lines of business and is managed by the Audit, Risk & Corporate Governance Committee (ARCGC) and the Interim Head of Compliance is appointed by the Audit and Risk Committee, who then report to the Board of Directors. The key role of the risk management function is defining, identifying and reducing risks, and being independent and objective.

The Group has exposure to risks, which include credit, market, liquidity, reputation, compliance and operational risks. Market risk includes currency, equity price and profit rate risk. Taking risk is core to the financial business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effect on the Group's financial performance.

Risk governance

The Board of Directors of the Group has overall responsibility for the oversight of the risk management framework and reviewing its risk management policies and procedures. The risks both at portfolio and transactional levels are managed and controlled through the Board Risk Committee.

a) Credit risk

Credit risk is defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with the agreed terms. The goal of credit risk management is to maximize the Group's risk-adjusted rate of return by maintaining credit exposures within acceptable parameters. The Group has well-defined policies and procedures for identifying, measuring, monitoring and controlling credit risk in all the Group's activities.

i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Group's maximum exposure to on-balance sheet credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure, is not significant.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract.

33 RISK MANAGEMENT (continued)

a) Credit risk (continued)

The table shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements, but after impairment provisions, where applicable.

	Gross maximum exposure 2024	Gross maximum exposure 2023
Bank balances	10,649	17,951
Accounts receivable	14,933	24,885
Commitments and contingent liabilities	7,729	10,526
Total	33,311	53,362

ii) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry wise concentration limits.

The Group's exposure analysed on geographic regions and industry sectors is as follows:

	31 December 2024			31 December 2023		
	Assets	Liabilities	Contingent liabilities	Assets	Liabilities	Contingent liabilities
Geographic region:	179,323	65,611	7,729	197,521	71,356	10,526
Kingdom of Bahrain	48,104	25	-	48,041	25	-
Other GCC countries						
	227,427	65,636	7,729	245,562	71,381	10,526

	31 December 2024			31 December 2023		
	Assets	Liabilities	Contingent liabilities	Assets	Liabilities	Contingent liabilities
Industry sector:	181,868	48,454	7,729	189,497	54,736	10,526
Real estate	45,559	17,182	-	56,065	16,645	-
Non real estate						
	227,427	65,636	7,729	245,562	71,381	10,526

b) Market risk

Market risk arises from fluctuations in profit rates, foreign exchange rates and equity prices. Market risk is the risk that changes in market risk factors, such as currency risk, profit rates and equity prices will effect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Profit rate risk

Profit risk is the risk that the Group's profitability or fair value of its financial instruments will be adversely affected by the changes in profit rates. The Group's assets and liabilities are not considered by management to be sensitive to profit rate risk.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group views the Bahraini Dinars as its functional currency and United States Dollar as its reporting currency. As at 31 December 2024 and

33 RISK MANAGEMENT (continued)

b) Market risk (continued)

2023, the Group had net foreign currency exposure in respect of Bahraini Dinars and Kuwaiti Dinars. Bahraini Dinars are pegged to the United States Dollar and thus are considered not to represent significant currency risk. The Group's net exposure to Kuwaiti Dinars is considered minimal.

iii) Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Group has no quoted equity investments and has unquoted investments designated fair value through equity.

The effect on fair value reserve (as a result of a change in the net asset value of equity investments) due to a reasonable possible positive change (ie. +5%) in the value of individual investments, with all other variables held constant, is US\$ 530 thousand (2023: US\$ 483 thousand) and vice versa. However, if an investment is assessed to be impaired the same impact will affect the consolidated statement of income.

c) Liquidity risk

Liquidity risk is the potential inability of the Group to meet cash flows of its maturing obligations to a counterparty. Liquidity risk management seeks to ensure that the Group has the ability, under varying scenarios, to fund increases in assets and meet maturing obligations as they arise. Management of the Group is responsible for its liquidity management.

The table below summarises the maturity profile of the Group's assets and liabilities as of 31 December 2024 based on expected periods to cash conversion from the consolidated statement of financial position date:

	Up to 1 Month US\$ '000	1 to 3 months US\$ '000	3 to 6 months US\$ '000	6 months to 1 year US\$ '000	1 to 5 years US\$ '000	5 to 10 years US\$ '000	Over 10 years US\$ '000	No fixed maturity US\$ '000	Total US\$ '000
ASSETS									
Cash and bank balances	9,310	1,348	-	-	-	-	-	-	10,658
Accounts receivable	1,811	2,326	2,015	919	1,631	234	-	5,997	14,933
Investments	-	-	-	-	9,291	1,305	-	-	10,596
Investment in joint ventures and associates	-	-	-	-	92,315	-	-	3,613	95,928
Investments in real estate	2,972	-	-	-	45,903	6,291	30,344	-	85,510
Property, plant and equipment	-	-	-	-	-	-	-	7,102	7,102
Right of use asset	-	-	-	84	169	-	-	-	253
Other assets	5	75	2,106	146	115	-	-	-	2,447
Total assets	14,098	3,749	4,121	1,149	149,424	7,830	30,344	16,712	227,427
LIABILITIES									
Other liabilities and accounts payable	8,895	3,780	426	582	7,954	8,290	35,467	-	65,394
Ijarah liability	-	-	-	81	161	-	-	-	242
Total liabilities	8,895	3,780	426	663	8,115	8,290	35,467	-	65,636
Net liquidity gap	5,203	(31)	3,695	487	141,308	(460)	(5,123)	16,712	161,791
Cumulative liquidity gap	5,203	5,172	8,867	9,354	150,662	150,202	145,079	161,791	
Contingencies and commitments	-	-	-	-	12,036	-	-	-	12,036

33 RISK MANAGEMENT (continued)

The table below summarises the maturity profile of the Group's assets and liabilities as of 31 December 2023 based on expected periods to cash conversion from the consolidated statement of financial position date:

	Up to 1 Month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years US\$ '000	Over 10 years US\$ '000	No fixed maturity US\$ '000	Total US\$ '000
ASSETS									
Cash and bank balances	17,906	54	-	-	-	-	-	-	17,960
Accounts receivable	9,411	1,135	2,278	3,352	2,276	348	-	6,085	24,885
Investments	-	-	-	-	9,650	-	-	-	9,650
Investment in joint ventures and associates	-	-	-	-	93,432	-	-	3,518	96,950
Investments in real estate	2,972	-	-	-	47,146	6,297	27,036	-	83,451
Property, plant and equipment	-	-	-	-	-	-	-	11,119	11,119
Right of use asset	11	22	13	-	-	-	-	-	46
Other assets	88	224	314	515	360	-	-	-	1,501
Total assets	30,388	1,435	2,605	3,867	152,864	6,645	27,036	20,722	245,562
LIABILITIES									
Other liabilities and accounts payable	11	22	10	-	-	-	-	-	43
Ijarah liability	9,550	2,664	1,692	1,748	10,312	8,290	37,125	-	71,381
Total liabilities	20,838	(1,229)	913	2,119	142,552	(1,645)	(10,089)	20,722	174,181
Net liquidity gap									
Cumulative liquidity gap	20,838	19,609	20,522	22,641	165,193	163,548	153,459	174,181	
Contingencies and commitments	-	-	-	-	14,468	-	-	-	14,468

d) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

A framework and methodology has been developed to identify and control the various operational risks. A strong internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios.

e) Other risks

Regulatory risk

Regulatory risk is defined as the risk of non-compliance with regulatory and legal requirements in the Kingdom of Bahrain and the State of Kuwait. The Group's Compliance Department is currently responsible for ensuring all regulations are adhered to.

Legal risk

Legal risk is defined as the risk of unexpected losses from transactions and contracts not being enforceable under applicable laws or from unsound documentation. The Group deals with several external law firms to support it in managing the legal risk.

Reputation risk

Reputation risk is defined as the risk that negative perception regarding the Group's business practices or internal controls, whether true or not, will cause a decline in the Group's investor base and lead to costly litigations which could have an adverse impact on the liquidity of the Group. The Board of Directors examines the issues that are considered to have reputation repercussions for the Group and issues directives to address these.

34. SOCIAL RESPONSIBILITY

The Group intends to discharge its social responsibilities through donations to charitable causes and organisations.

35. COMPARATIVES

The below comparatives have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported profit for the year and total equity of the Group.

	Previously reported 31 December 2023	Reclassified 31 December 2023
Statement of financial position		
Accounts receivable	24,743	24,885
Investments in joint ventures and associates	94,088	96,950
Property, plant and equipment	9,393	11,119
Other assets	3,369	1,501
Total assets	242,700	245,562
Other liabilities and accounts payable	68,476	71,338
Total liabilities	68,519	71,381